



Prescott State of the State

Remarks by Gov. Jan Brewer

Friday, January 20, 2012

Thank you, and good afternoon, everyone!

Happy Centennial New Year to all of you!

First, let me thank the Prescott Chamber of Commerce and Dave Maurer ... The Prescott valley Chamber -- Marnie Uhl -- for the opportunity to share some thoughts about where we're headed in 2012.

In the midst of heated policy battles in state and local government arenas, your thoughtful advocacy has contributed immensely to a reasoned public debate that benefits all of us.

I deeply appreciate your support and determination in our efforts to set the right course for our state.

You have a right to know the simple truth -- and I have a responsibility to deliver it.

You deserve results, not rhetoric.

So, here's the truth -- and the results -- of what I did, and why I did it.

After several years of hard work -- after several years of tough decisions -- our plan worked.

Arizona's recovery started in earnest with my Four Cornerstones of Reform -- improving Arizona's position -- and incomes -- through an agenda of economic competitiveness -- reforming education and state government -- and a renewed fight for states' rights.

Today, I'm proud to say that we're back from the brink with a budget that's balanced -- and a cash balance that's positive -- for the first time in years!

Expenditures are down almost 20 percent – and the number of state employees is down almost 15 percent.

Our state government is smaller with state personnel spending falling \$200 million between 2007 and 2011 – a huge reduction!

Compared to the population we serve – our workforce is one of the most efficient in the nation.

We've rescaled our state's largest entitlement program to fit the budget we have -
- not the budget we want.

We've consolidated, eliminated or privatized operations across state government. In the history of this state, no other Governor has cut state government more than I have.

But, we absolutely must find a way to fund the results we want and reward those educators who guide us into our next century.

We're blessed to live in a growing state where Arizona families will --- and should --- turn to public schools with confidence to educate their children.

Our state is a leader in allowing parents to choose a school that best meets their children's needs. We can't allow children to fall behind because they come from single parent families ... or neighborhoods that are struggling ... or rural regions far from our own.

We can't allow children to fall behind because they have the misfortune of parents who don't care or who aren't engaged.

For generations, our schools worked because as a society, we insisted on it. We refused to accept failure.

We cannot accept failure now.

Arizona's strength is cultivated in its schools.

For too long we've allowed our children, our hope for tomorrow, to be shuffled through a broken system.

But, not any more.

We want the best for our children and grandchildren -- we want them to achieve the things they dream of -- we want to ensure that they will enjoy the same high quality life that we have.

That's why we're acting now.

That's my commitment to children for the next century -- quality teachers -- a safe environment -- a setting of parents' choosing -- data driven decisions and the highest of standards.

That's the foundation for job creation -- something we're doing as a part of the great Arizona comeback.

With its work only just beginning, the Arizona Commerce Authority's public-private effort's have attracted nearly 11,000 jobs and \$9 billion in capital investment to our state.

Just three years ago, in 2009, Arizona ranked 49th nationally in job growth. Today, our job growth ranks 7th in the nation.

A terrific success, yes.

But it's certainly not the limit of what's possible to promote economic expansion in our state. By developing a strong workforce and keeping state regulations lean and taxes competitive, we must continue the conditions that are needed to grow this economy.

That's why I'm asking the Legislature to consider a package of reforms to consolidate the state's multiple personnel systems -- improve the management of the workforce -- restructure the grievance and appeal system -- and modify human resource practices.

These reforms begin with what I call the Centennial Edition of my Four Cornerstones -- including improving Arizona's economic competitiveness -- bringing needed reforms to K-12 and higher education -- modernizing state government -- and challenging a federal government that has exceeded its constitutional authority.

In order to remove barriers to job creation -- to give small businesses the stability and predictability they deserve -- and to promote economic freedom -- I'm pursuing improvements in Personal Property Tax, and the Transaction Privilege Tax.

We need to revise the statutory inflation index to give small businesses a larger tax exemption on their personal property.

We need to clarify the starting point for personal property valuation -- and we need to better define intangible personal property -- such as software, in order to alleviate taxpayer confusion and frustration.

For corporations, among other reforms, we need to pursue options to reduce the effective tax rate on capital gains from business growth.

And, I'm establishing a task force to study ways in which the state can simplify the Transaction Privilege Tax, reducing taxpayer confusion and improving compliance and efficiency.

The task force report will be due to me, the Speaker of the House and Senate President by the end of the year.

Hardworking Arizona taxpayers deserve a budget that forces government to do exactly what hardworking families and small businesses have already done: tighten our belts and live within our means.

That's what my budget does.

And it does this, based on four principles:

First, short-term decisions must be evaluated in light of their impact on the State's long-term fiscal health.

Second, funding for a program will not be restored simply because funding has been provided in the past.

Third, spending decisions must respect the wishes of citizens who, in voting for Proposition 100, recognized the importance of funding for education, health care and public safety; and;

Fourth, temporary resources will be used to improve the State's long-term position.

My budget recommendations provide funding for several critical IT projects including replacement of the State's accounting system as well as addressing K-12 needs, rollover repayment, and tourism funding.

We're addressing capital needs at the Department of Corrections and Department of Public Safety.

For education, we're recommending several K-12 and higher education funding changes, to address third grade reading standards, and overhauling the School Facilities Board statutes. For higher education, we're recommending implementation of performance funding for the universities and we're calling for a review of the Community College funding formulas to move the colleges toward a performance-based system.

We'd also like to see established a community college scholarship program and funding to revamp university education delivery.

Future Medicaid expansion continues to be the major concern for the our health and welfare programs, and I'm recommending that we explore these costs as potential risks contingent on court and congressional action over the next two years.

My entire career in public service has been dedicated to promoting freedom and encouraging Arizona job-creators and small businesses to lead Arizona to better days.

We're all entering Arizona's second century together.

During that journey, I pledge to you a government that practices accountability and responsibility in everything it does.

You deserve a government that plans for the next generation, and that's exactly what we're doing.

Thank you.